GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:2205
ANSWERED ON:05.03.2003
FOREIGN INVESTMENT IN IT SECTOR
VIRENDRA KUMAR

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

:-

(a) whether a large number of Foreign Investors are keen to make investment in the Information Technology sector;

(b) if so, the details thereof with proposals under the consideration of the Government; and

(c) the steps taken to clear such proposals?

Answer

MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION TECHNOLOGY(SU THIRUNAVUKKARASAR)

(a): Yes, Sir.

(b) and (c): Government is making continuous efforts to make India an attractive destination for FDI(Foreign Direct Investment) in the region by providing an internationally competitive investment climate in terms of policy framework, procedures and institutions. In order to catalyse FDI, the Government has also permitted access through the automatic route for FDI up to 100% in most activities.

Many MNCs such as GE, American Express, Ford British Airways, etc. have chosen India for back office support services. IT is one of the sectors where the country has been benefited from the state-of-the-art technology. According to a recent World Bank study, India is the preferred location for software vendors for its quality and cost.

Data on FDI in regard to Information Technology Sector (sub-sector-wise) for the period from 1.1.2000 to 31.12.2002 is as under:

(Rupees in Millions)

S.No.	Name of the Sub-sector	All countries
1.	Computer software	42,793.56
2.	Electronics	12,752.17
3.	Computer Hardware	262.35
4.	Other (Software)	622.39

The pendency position in respect of FDI proposals varies on a daily basis, as receipt and disposal of FIPB applications is a continuous process. Government has put in place a transparent and time-bound approval mechanism for dealing with proposals involving Foreign Direct Investment.